

REAGAN FLOOR AMENDMENT

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1160

(Reference to the APPROPRIATIONS Committee amendment)

1 Page 2, between lines 26 and 27, insert:

2 "Sec. 2. Section 43-1074.01, Arizona Revised Statutes, is amended to
3 read:

4 43-1074.01. Credit for increased research activities

5 A. A credit is allowed against the taxes imposed by this title in an
6 amount determined pursuant to section 41 of the internal revenue code, except
7 that:

8 1. The amount of the credit is based on the excess, if any, of the
9 qualified research expenses for the taxable year over the base amount as
10 defined in section 41(c) of the internal revenue code and is computed as
11 follows:

12 (a) If the excess is two million five hundred thousand dollars or
13 less, the credit is equal to ~~twenty~~ TWENTY-FOUR per cent of that amount.

14 (b) If the excess is over two million five hundred thousand dollars,
15 the credit is equal to ~~five~~ SIX hundred thousand dollars plus ~~eleven~~ FIFTEEN
16 per cent of any amount exceeding two million five hundred thousand dollars,
17 except that:

18 (i) For taxable years beginning from and after December 31, 2000
19 through December 31, 2001, the credit shall not exceed one million five
20 hundred thousand dollars.

21 (ii) For taxable years beginning from and after December 31, 2001
22 through December 31, 2002, the credit shall not exceed two million five
23 hundred thousand dollars.

24 2. Qualified research includes only research conducted in this state
25 including research conducted at a university in this state and paid for by
26 the taxpayer.

27 3. If two or more taxpayers, including partners in a partnership and
28 shareholders of an S corporation, as defined in section 1361 of the internal

1 revenue code, share in the eligible expenses, each taxpayer is eligible to
2 receive a proportionate share of the credit.

3 4. The credit under this section applies only to expenses incurred
4 from and after December 31, 2000.

5 5. The termination provisions of section 41 of the internal revenue
6 code do not apply.

7 B. If the allowable credit under this section exceeds the taxes
8 otherwise due under this title on the claimant's income, or if there are no
9 taxes due under this title, the amount of the credit not used to offset taxes
10 may be carried forward to the next fifteen consecutive taxable years. The
11 amount of credit carryforward from taxable years beginning from and after
12 December 31, 2000 through December 31, 2002 that may be used in any taxable
13 year may not exceed the taxpayer's tax liability under this title or five
14 hundred thousand dollars, whichever is less, minus the credit under this
15 section for the current taxable year's qualified research expenses. The
16 amount of credit carryforward from taxable years beginning from and after
17 December 31, 2002 that may be used in any taxable year may not exceed the
18 taxpayer's tax liability under this title minus the credit under this section
19 for the current taxable year's qualified research expenses.

20 Sec. 3. Section 43-1168, Arizona Revised Statutes, is amended to read:

21 43-1168. Credit for increased research activities

22 A. A credit is allowed against the taxes imposed by this title in an
23 amount determined pursuant to section 41 of the internal revenue code, except
24 that:

25 1. The amount of the credit is computed as follows:

26 (a) Add:

27 (i) The excess, if any, of the qualified research expenses for the
28 taxable year over the base amount as defined in section 41(c) of the internal
29 revenue code.

30 (ii) The basic research payments determined under section 41(e)(1)(A)
31 of the internal revenue code.

1 (b) If the sum computed under subdivision (a) is two million five
2 hundred thousand dollars or less, the credit is equal to ~~twenty~~ TWENTY-FOUR
3 per cent of that amount.

4 (c) If the sum computed under subdivision (a) is over two million five
5 hundred thousand dollars, the credit is equal to ~~five~~ SIX hundred thousand
6 dollars plus ~~eleven~~ FIFTEEN per cent of any amount exceeding two million five
7 hundred thousand dollars, except that:

8 (i) For taxable years beginning from and after December 31, 2000
9 through December 31, 2001, the credit shall not exceed one million five
10 hundred thousand dollars.

11 (ii) For taxable years beginning from and after December 31, 2001
12 through December 31, 2002, the credit shall not exceed two million five
13 hundred thousand dollars.

14 2. Qualified research includes only research conducted in this state
15 including research conducted at a university in this state and paid for by
16 the taxpayer.

17 3. If two or more taxpayers, including corporate partners in a
18 partnership, share in the eligible expenses, each taxpayer is eligible to
19 receive a proportionate share of the credit.

20 4. The credit under this section applies only to expenses incurred
21 from and after December 31, 1993.

22 5. The termination provisions of section 41 of the internal revenue
23 code do not apply.

24 B. If the allowable credit under this section exceeds the taxes
25 otherwise due under this title on the claimant's income, or if there are no
26 taxes due under this title, the amount of the credit not used to offset taxes
27 may be carried forward to the next fifteen consecutive taxable years. The
28 amount of credit carryforward from taxable years beginning from and after
29 December 31, 2000 through December 31, 2002 that may be used under this
30 subsection in any taxable year may not exceed the taxpayer's tax liability
31 under this title or five hundred thousand dollars, whichever is less, minus
32 the credit under this section for the current taxable year's qualified

1 research expenses. The amount of credit carryforward from taxable years
2 beginning from and after December 31, 2002 that may be used under this
3 subsection in any taxable year may not exceed the taxpayer's tax liability
4 under this title minus the credit under this section for the current taxable
5 year's qualified research expenses.

6 C. If a taxpayer has qualified research expenses that are carried
7 forward from taxable years beginning before January 1, 2001, the amount of
8 the expenses carried forward shall be converted to a credit carryforward by
9 multiplying the amount of the qualified expenses carried forward by twenty
10 per cent. A credit carryforward determined under this subsection may be
11 carried forward to not more than fifteen years from the year in which the
12 expenses were incurred. The amount of credit carryforward from taxable years
13 beginning before January 1, 2001 that may be used under this subsection in
14 any taxable year may not exceed the taxpayer's tax liability under this title
15 or five hundred thousand dollars, whichever is less, minus the credit under
16 this section for the current taxable year's qualified research expenses. The
17 total amount of credit carryforward from taxable years beginning before
18 January 1, 2003 that may be used in any taxable year under ~~the provisions of~~
19 subsection B and this subsection may not exceed the taxpayer's tax liability
20 under this title or five hundred thousand dollars, whichever is less, minus
21 the credit under this section for the current taxable year's qualified
22 research expenses.

23 Sec. 4. Credit for increased research activities; 2009 tax
24 credit amounts

25 A. Notwithstanding section 43-1074.01, subsection A, paragraph 1,
26 Arizona Revised Statutes, as amended by this act, for taxable years beginning
27 from and after December 31, 2009 through December 31, 2010, the amount of the
28 credit is based on the excess, if any, of the qualified research expenses for
29 the taxable year over the base amount as defined in section 41(c) of the
30 internal revenue code and is computed as follows:

31 1. If the excess is two million five hundred thousand dollars or less,
32 the credit is equal to twenty-two per cent of that amount.

1 2. If the excess is over two million five hundred thousand dollars,
2 the credit is equal to five hundred fifty thousand dollars plus thirteen per
3 cent of any amount exceeding two million five hundred thousand dollars.

4 B. Notwithstanding section 43-1168, subsection A, paragraph 1, Arizona
5 Revised Statutes, as amended by this act, for taxable years beginning from
6 and after December 31, 2009 through December 31, 2010, the amount of the
7 credit is computed as follows:

8 1. Add:

9 (a) The excess, if any, of the qualified research expenses for the
10 taxable year over the base amount as defined in section 41(c) of the internal
11 revenue code.

12 (b) The basic research payments determined under section 41(e)(1)(A)
13 of the internal revenue code.

14 2. If the sum computed under paragraph 1 of this subsection is two
15 million five hundred thousand dollars or less, the credit is equal to
16 twenty-two per cent of that amount.

17 3. If the sum computed under paragraph 1 of this subsection is over
18 two million five hundred thousand dollars, the credit is equal to five
19 hundred fifty thousand dollars plus thirteen per cent of any amount exceeding
20 two million five hundred thousand dollars."

21 Renumber to conform

22 Page 8, line 2, strike "5" insert "8"

23 Between lines 3 and 4, insert:

24 "Sec. 12. Effective date

25 Sections 43-1074.01 and 43-1168, Arizona Revised Statutes, as amended
26 by this act, are effective from and after December 31, 2009."

27 Amend title to conform

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